This Month

As a firm – where are we and where do we want to be – how to get there

- **Where are we at commercially**
- **Key people stock-take**
- **Strategy going forward**
- **Additional considerations**

The commercial continuity and success of a law firm (revenue, gross profit, net profit, working capital, regulation), irrespective of its size and shape is critical for the owners, the staff (roles, development and retention) and their clients (skills, empathy, communication and support)

For some this may look complex but it isn't and it is essential

In order to achieve this, again irrespective of size and shape it is essential to have a clear business strategy, bought into by the team with an initial optimum of three years but with annual adjustments to budgets along with monthly perpetual reviews and necessary changes to match changing economy and laws, recover performance dips and enhance opportunities.

Initial stock-take – an essential starting point. This should cover the last two years with financials and numbers shown monthly to enable review of trends, peaks and troughs, results of recovery actions and support activities.

For the 24 month period key statistics should show by month (totaled for each year)

- Staffing levels (partners, managers, other fee earners, secretaries, support staff by office location and work-type
- Fiscal fee income by location and work-type
- Gross profit by location and work-type
- Overheads by month – analysis if available by location
- Bank balance – working capital analysis
- Major clients by office and work-type – revenue and GP
- New clients obtained by office and work-type – enquiry generation and conversion
- New and additional work-types by client
- Lost clients

An opinion to be expressed on any positive or negative trends – which could include resourcing, business development impacts, IT impacts, HR impacts, compliance and regulation impacts.

An assessment needed of any recovery actions, skills availabilities for all activities, the use of outsourcing for skills and work volumes

Team availability and commitment

The next essential is a clear assessment of owners and managers who will be critical for the firm's future – managing partner/director, shareholders, directors, legal department heads, leads of finance, HR, business development, IT, compliance. We also have to remember that the biggest fee earner is not necessarily the best manager of a work-type team – a personality challenge.

These people need to be asked to be open about their motivations – winning things, dealing with challenges, pride in success, client satisfaction, seeking more accountability. Also we need to know –

how much longer they want to be in the job – retirement (seeking a capital sum maybe), of work:life balance changes. Do they consider they need enhancement in skills to be able to put more into their current accountabilities or to develop into a bigger and more contributory role.

This will enable consideration for future direction of required replacements or a succession plan and some fundamental training and development needs

All of the key roles require clear job descriptions with accountabilities for revenue generation, gross profit generation, staff motivation and development, client satisfaction levels and so on. Not just for the legal heads but also for staff functions. The next important things are the skill levels and experience required for each and every role and consideration of where some of those skills may come from – IT security, working capital management, M&A, - from within or does it need topping up with part time or outsourced advice.

Objectives and experience are the starting point of a job profile but there is also the essential candidate profile for all roles – communication skills, intellectual skills, management skills, motivation and emotional factors. It is assessing people against this, as one should a new recruit, that assist the people development programme.

Further considerations about participating in outsourcing, whether it be extending document production capabilities or even outsourcing book-keeping and legal skills where short through independent advisors.

The Three Year Strategy

This is an annual requirement following an annual stock-take and another year's experience. Year one of the three years will become the budget and that will be reviewed and updated every month by the Operations/Management Board. Statistics and planned actions will be monthly for the 36 months initially and totals for each fiscal year.

With knowledge of where we are at and what the key resource wants to happen to their personal and business lives and the available skills and succession and development needed the firm can make the appropriate decisions such as

- We would like to sell the business by ------- discussions with some accountants can be fruitful
- In year 1 to 3 we would like to grow through acquisition. Need to specify the desired scale, work-types and locations and then contact accountants, advisers and make the ideals become public. There are multiple financing options.
- In year one we need to dramatically improve the profitability and working capital, enhancing efficiency with IT usage with the current map whilst also protecting support skills and compliance/regulation
- We would like to grow the business
    - This can be done with acquisitions – need to identify the ideal profile of an acquisition – scale, work-types, locations and then contact the appropriate advice or make it clear to the sector
    - This can be with current locations and work-types and with enhanced business development for new and or existing clients
    - This can be with additional locations
    - This can be with additional work-types
    - Needs appropriate business development
    - IT efficiency

- People development, acquisition and retention – skills and motivation/communications
- Client support – for more business and referrals/recommendations

Activities and initiatives mainly by work-type (like Will Bank status) need to be timed across the 36 months along with the expected revenue, gross profits, overheads, chargeable time, lock up, headcount

Additional Considerations

Here are a series of basic considerations for the firm going forward and supporting objectives achievements. Ideally done up front but also under consideration for the strategy period and objectives.

People

- Real clarity over accountabilities of staff within their job descriptions
- A constructive appraisal system and ensuing development of individuals for their satisfaction but also performance
- Recognition that people often of different age groups need different communication and KPIs
- The firm to have a diversity/equality policy being developed along with community and charity support as well as environmental recognition – not only are about 65% of millennials considering leaving firms because of communication but also the missing social conscience. Clients are also choosing firms that have the environmental and social conscience

Business Development

- Initiatives need to be in place and not just for new business – existing clients need constant communications and empathy, updates on needs – 42% of live matters at the moment clients are not happy – won't come back and are advising their friends.
- All within the firm need to be switched on to client communication from answering telephone calls, smiling in reception, demonstrating empathy

IT

- Essential for performance especially after investment already made. With the challenges and strategy in mind meetings should be held with existing PMS/CMS suppliers getting them to demonstrate how they can currently meet the needs. Then being very clear on their forward strategy for product development and enhancement. Further clarity on how the necessary added value items like MI, on boarding, client communications can be achieved or through which added value third party solutions.
- Full consideration should be given of getting IT into a managed service/hosted environment. For flexible working, business continuity and security. Care needs to be taken in the selection of the supplier because of some recent failings

Compliance and Regulation

- We need to ensure that we have the best advice and the right processes and authorisations in place to minimise risk. Ownerships and workflows.
- We need to ensure no complacency in the needs of Pii insurance renewals – regular contact with the lead brokers but also the insurance companies is a need.

Outsourcing

At the moment it is very hard to predict the movements in the economy that can affect work volumes. For efficiency reasons, client speed of response, flexible working there has been a large growth in outsourcing across multiple activities. For example transcription and document production. There is now an increase in firms not able to have all the skills on board because of scale needing to support their clients and so there is a growth in third party legal support.

Firms are increasingly outsourcing some basic activities because of flexible working needs – such as book keeping and accounting.

There is also a big growth in skills shortage - even within large firms – such as IT security, mergers and acquisitions, working capital management, refinancing law firms, regulation and compliance, HR needs, business development

Brand

It is essential to get the firm's brand sorted so that clients and potential clients know you are lovely, high performance and communicate. You have a strategy, you have empathy, got the best client and staff orientated approach

Management Structure

Finally, clarity is needed within the firm at the top level. MI, BI and KPIs are sorted. There is a management structure and every month the Operations Board needs to meet, review department head reports, enhance the balance of year numbers and re set targets and objectives.

There is also a great case for perhaps a meeting every two months or at a push three for the Strategic Board to get together for an update consideration.

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